GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1269
ANSWERED ON:10.03.2005
SUBSIDY ON PETROLEUM PRODUCTS
Badiga Shri Ramakrishna

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether involvement of Private sector has been able to bring down subsidy burden on petroleum and petrol products;

(b) if so, to what extent; and

(c) the measures being taken to check increase in subsidy ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (c): No, Sir. The Ministry of Petroleum and Natural Gas had approved the PDS Kerosene and Domestic LPG Subsidy Scheme 2002 effective 1-4-2002 vide Gazette notification No. P-20029/18/2001-PP dated 28th January, 2003 for administering the post-Administered Pricing Mechanism (APM) subsidy on PDS Kerosene and Domestic LPG. Initially, the public sector oil marketing companies (OMCs) viz. Indian Oil Corporation Limited (IOCL), Hindustan Petroleum Corporation Limited (HPCL), Bharat Petroleum Corporation Limited (BPCL) and IBP Company Limited participated in the above scheme. Other companies were to be allowed to participate later.

In addition to the Government subsidy, oil PSUs have been sharing the burden by not passing full increase in international prices on to the domestic consumer prices of Domestic LPG. The price of Domestic LPG was increased on 16-6-2004 and 5-11-2004 by Rupees 20 per cylinder (14.2 kg) with a view to passing on a small portion of the increase in international prices of LPG to domestic consumers.

As per current Government policy, the Government subsidy on these products is to be phased out over a period of 5 years effective 1-4-2002, i.e. Government subsidy would be available upto 31-3-2007.